



What's happening with auto insurance rates in Alberta?



Everyone wants an auto insurance system that works well for Alberta's 3 million drivers. Over the past two years, auto insurance rates have been largely stable for Alberta drivers. Premiums have changed just 3.4% - far lower than inflation generally - and the market has been functioning well.

That said, there is more that can – and should – be done to improve the affordability of auto insurance in Alberta. **That's why the Insurance Bureau of Canada has put forward our *Enhancing Care & Expanding Choice* proposal to give drivers more choice and new product options to save up to \$200 annually, while doubling the amount of treatment and care they receive after a collision.**

Instead of introducing reforms that reduce costs or deliver savings to consumers, the Alberta government announced it was mandating a freeze on auto insurance rate filings for private passenger vehicles. As premiums are set over a 12 month period, this policy will not improve the affordability of auto insurance in the near-term and many drivers may still see an increase in their premiums. Worse, it could make it difficult for many drivers to secure the coverage they need as insurers try to

remain viable while dealing with continued increases in the cost of lawsuits and vehicle repairs.

There are significant challenges in Alberta's auto insurance system that, if left unaddressed, will put pressure on rates and threaten the viability of Alberta's insurers under the rate freeze:



Inflation – Inflation and continued supply chain disruptions have led to a 13% increase in the cost of vehicle parts and repairs following collisions.



The Growing Cost of Law Suits and Injuries – Court awards for bodily injury claims and the cost of medical benefits are increasing 5% and 12% respectively, according to the government's own analysis.



More Time Behind the Wheel – Drivers have returned to the road in record numbers. Kilometers driven in Alberta are up dramatically over pre-pandemic levels, signaling an increase in accidents and claims.